
HOUSE BILL No. 1441

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-31; IC 4-33; IC 4-34-2-1; IC 4-35; IC 6-8.1-1-1; IC 35-45-5.

Synopsis: Slot machines. Authorizes slot machines at racetracks. Limits a permit holder who offers slot machines to the number of satellite facility licenses issued to the permit holder before January 1, 2007. Imposes a state wagering tax of 32% of the adjusted gross receipts from slot machine wagering. Redirects certain riverboat admissions taxes from the horse racing commission to the state general fund. Reduces the supplemental distribution paid to the horse racing commission in state fiscal years ending before July 1, 2009, and eliminates the supplemental distribution after June 30, 2009. Provides for the annual distribution of state slot machine wagering taxes. Imposes a local wagering tax of 5%. Provides for the distribution of the local taxes in Madison County and Shelby County. Imposes a horse racing promotion fee of 15.25% of the adjusted gross receipts from slot machine wagering. Provides for the distribution of the fees to purses, breed development, and the associations representing owners, breeders, and trainers. Requires 160 live racing days each year.

Effective: July 1, 2007.

Austin, Reske, Lutz J, Gutwein

January 16, 2007, read first time and referred to Committee on Public Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1441

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-31-2-10.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 10.5. "Live racing day" means a day on which at least**
4 **eight (8) live horse races are conducted.**

5 SECTION 2. IC 4-31-2-20.7 IS ADDED TO THE INDIANA CODE
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2007]: **Sec. 20.7. "Slot machine" has the meaning set forth in**
8 **IC 4-35-2-9.**

9 SECTION 3. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A county fiscal body may
11 adopt an ordinance permitting the filing of applications under
12 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks
13 in the county. However, before adopting the ordinance, the county
14 fiscal body must:

15 (1) conduct a public hearing on the proposed ordinance; and
16 (2) publish notice of the public hearing in the manner prescribed
17 by IC 5-3-1.

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(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a person's ability to conduct gambling games under IC 4-35. An ordinance adopted by the county fiscal body permitting slot machines in the county is not a prerequisite for the lawful operation of slot machines under IC 4-35.

SECTION 4. IC 4-31-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The commission shall determine the dates ~~and the number~~ of racing days authorized under each recognized meeting permit. Except for racing at winterized tracks, a recognized meeting may not be conducted after December 10 of a calendar year.

(b) The commission shall require at least one hundred sixty (160) live racing days each calendar year at the racetrack designated in a permit holder's permit, as follows:

- (1) One hundred (100) live racing days must be for standardbreds.**
- (2) Sixty (60) live racing days must be for horses that are:**
 - (A) mounted by jockeys; and**
 - (B) run on a course without jumps or obstacles.**

The requirements of this subsection are a continuing condition for maintaining the permit holder's permit. However, the requirements do not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or another event over which the permit holder has no control.

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SECTION 5. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

(1) **Subject to subsection (c)**, the commission may issue four (4) satellite facility licenses to each permit holder that

(A) conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and

(B) meets the other requirements of this chapter and the rules adopted under this chapter.

If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In addition, if the initial racing meeting conducted by a permit holder commences at such a time as to make it impractical to conduct one hundred twenty (120) live racing days during the permit holder's first year of operations, the commission may authorize the permit holder to conduct simulcast wagering during the first year of operations with fewer than one hundred twenty (120) live racing days.

(2) Each proposed satellite facility must be covered by a separate application. The timing for filing an initial application for a satellite facility license shall be established by the rules of the commission.

(3) A satellite facility must

(A) have full dining service available;

(B) have multiple screens to enable each patron to view simulcast races. and

(C) be designed to seat comfortably a minimum of four hundred (400) persons.

(4) In determining whether a proposed satellite facility should be approved, the commission shall consider the following:

(A) The purposes and provisions of this chapter.

(B) The public interest.

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- (C) The impact of the proposed satellite facility on live racing.
- (D) The impact of the proposed satellite facility on the local community.
- (E) The potential for job creation.
- (F) The quality of the physical facilities and the services to be provided at the proposed satellite facility.
- (G) Any other factors that the commission considers important or relevant to its decision.

(5) The commission may not issue a license for a satellite facility to be located in a county unless IC 4-31-4 has been satisfied.

(c) A permit holder licensed to conduct gambling games under IC 4-35 is limited to the number of satellite facility licenses issued to the permit holder before January 1, 2007.

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

(d) Except as provided by IC 4-35-7-2, a person less than twenty-one (21) years of age may not enter the area of a racetrack

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1 **in which gambling games are conducted under IC 4-35.**

2 SECTION 8. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2007]: Sec. 1. A person that holds a permit to
4 conduct a horse racing meeting or a license to operate a satellite facility
5 shall withhold:

6 (1) eighteen percent (18%) of the total of money wagered on each
7 day at the racetrack or satellite facility (including money wagered
8 on exotic wagering pools, **but excluding money wagered on slot**
9 **machines under IC 4-35**); plus

10 (2) an additional three and one-half percent (3.5%) of the total of
11 all money wagered on exotic wagering pools on each day at the
12 racetrack or satellite facility.

13 SECTION 9. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE
14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
15 1, 2007]: **Sec. 17.5. "Slot machine taxes" means the taxes imposed**
16 **under IC 4-35-8-1 on the adjusted gross receipts of gambling**
17 **games conducted under IC 4-35.**

18 SECTION 10. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,
19 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2007]: Sec. 6. (a) The department shall place in the state
21 general fund the tax revenue collected under this chapter.

22 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,
23 the treasurer of state shall quarterly pay the following amounts:

24 (1) Except as provided in subsection (k), one dollar (\$1) of the
25 admissions tax collected by the licensed owner for each person
26 embarking on a gambling excursion during the quarter or
27 admitted to a riverboat that has implemented flexible scheduling
28 under IC 4-33-6-21 during the quarter shall be paid to:

29 (A) the city in which the riverboat is docked, if the city:

30 (i) is located in a county having a population of more than
31 one hundred ten thousand (110,000) but less than one
32 hundred fifteen thousand (115,000); or

33 (ii) is contiguous to the Ohio River and is the largest city in
34 the county; and

35 (B) the county in which the riverboat is docked, if the
36 riverboat is not docked in a city described in clause (A).

37 (2) Except as provided in subsection (k), one dollar (\$1) of the
38 admissions tax collected by the licensed owner for each person:

39 (A) embarking on a gambling excursion during the quarter; or

40 (B) admitted to a riverboat during the quarter that has
41 implemented flexible scheduling under IC 4-33-6-21;

42 shall be paid to the county in which the riverboat is docked. In the

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case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made

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for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of

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more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

- (A) is located in the county in which the riverboat docks; and
- (B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (A) Job creation and retention.
- (B) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (C) Housing.
- (D) Workforce training.
- (E) Health care.
- (F) Local planning.
- (G) Land use.
- (H) Assistance to regional economic development groups.
- (I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred

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thousand (400,000) but less than seven hundred thousand (700,000),
the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or
promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training
center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of
the admissions tax collected by the licensed owner for each
person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity
that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The

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1 division shall allocate at least twenty-five percent (25%) of the
 2 funds derived from the admissions tax to the prevention and
 3 treatment of compulsive gambling.

4 (7) Except as provided in subsection (k) **and section 7 of this**
 5 **chapter**, sixty-five cents (\$0.65) of the admissions tax collected
 6 by the licensed owner for each person embarking on a gambling
 7 excursion during the quarter or admitted to a riverboat during the
 8 quarter that has implemented flexible scheduling under
 9 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
 10 to be distributed as follows, in amounts determined by the Indiana
 11 horse racing commission, for the promotion and operation of
 12 horse racing in Indiana:

13 (A) To one (1) or more breed development funds established
 14 by the Indiana horse racing commission under IC 4-31-11-10.

15 (B) To a racetrack that was approved by the Indiana horse
 16 racing commission under IC 4-31. The commission may make
 17 a grant under this clause only for purses, promotions, and
 18 routine operations of the racetrack. No grants shall be made
 19 for long term capital investment or construction, and no grants
 20 shall be made before the racetrack becomes operational and is
 21 offering a racing schedule.

22 (e) Money paid to a unit of local government under subsection
 23 (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

24 (1) must be paid to the fiscal officer of the unit and may be
 25 deposited in the unit's general fund or riverboat fund established
 26 under IC 36-1-8-9, or both;

27 (2) may not be used to reduce the unit's maximum levy under
 28 IC 6-1.1-18.5 but may be used at the discretion of the unit to
 29 reduce the property tax levy of the unit for a particular year;

30 (3) may be used for any legal or corporate purpose of the unit,
 31 including the pledge of money to bonds, leases, or other
 32 obligations under IC 5-1-14-4; and

33 (4) is considered miscellaneous revenue.

34 (f) Money paid by the treasurer of state under subsection (b)(3) or
 35 (d)(3) shall be:

36 (1) deposited in:

37 (A) the county convention and visitor promotion fund; or

38 (B) the county's general fund if the county does not have a
 39 convention and visitor promotion fund; and

40 (2) used only for the tourism promotion, advertising, and
 41 economic development activities of the county and community.

42 (g) Money received by the division of mental health and addiction

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under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of

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1 state determines that the total amount of money distributed to an entity
 2 under this section during a state fiscal year is less than the entity's base
 3 year revenue, the treasurer of state shall make a supplemental
 4 distribution to the entity under IC 4-33-13-5(g).

5 (k) This subsection does not apply to an entity receiving money
 6 under subsection (c). For state fiscal years beginning after June 30,
 7 2002, the treasurer of state shall pay that part of the riverboat
 8 admissions taxes that:

9 (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and

10 (2) would otherwise be due to the entity under this section;
 11 to the property tax replacement fund instead of to the entity.

12 SECTION 11. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE
 13 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 14 1, 2007]: **Sec. 7. (a) The maximum amount paid to the Indiana**
 15 **horse racing commission under this article in a state fiscal year**
 16 **ending before July 1, 2009, may not exceed the remainder of:**

17 (1) **the Indiana horse racing commission's base year revenue**
 18 **as determined under section 6(h) of this chapter; minus**

19 (2) **the amount of slot machine taxes, if any, distributed to the**
 20 **Indiana horse racing commission under IC 4-35-8-3 in the**
 21 **state fiscal year.**

22 (b) **For a state fiscal year ending before July 1, 2009, the**
 23 **treasurer of state shall pay an amount equal to the lesser of:**

24 (1) **the amount of admissions taxes specified in:**

25 (A) **section 6(b)(6) of this chapter; and**

26 (B) **section 6(d)(7) of this chapter; or**

27 (2) **the amount of slot machine taxes subtracted from the**
 28 **Indiana horse racing commission's base year revenue under**
 29 **subsection (a);**

30 **to the state general fund instead of to the Indiana horse racing**
 31 **commission.**

32 (c) **For a state fiscal year beginning after June 30, 2009, the**
 33 **Indiana horse racing commission is not entitled to a distribution of**
 34 **admissions taxes collected under this chapter. After June 30, 2009,**
 35 **the treasurer of state shall pay the total amount of admissions taxes**
 36 **specified in:**

37 (1) **section 6(b)(6) of this chapter; and**

38 (2) **section 6(d)(7) of this chapter;**

39 **to the state general fund instead of to the Indiana horse racing**
 40 **commission.**

41 SECTION 12. IC 4-33-13-5, AS AMENDED BY P.L.91-2006,
 42 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the West Baden Springs historic hotel preservation and maintenance

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fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal

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body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build

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Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year

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was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. **Except as provided in subsection (i),** the amount of ~~the~~ **an entity's** supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the sum of:

(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6; plus

(B) any amounts deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For a state fiscal year ending before July 1, 2009, the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required to comply with IC 4-33-12-7(a). For a state fiscal year beginning after June 30, 2009, the Indiana horse racing commission is not entitled to a supplemental distribution under subsection (g).

SECTION 13. IC 4-33-18-9, AS AMENDED BY P.L.91-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Nothing in this chapter may be construed to limit the powers or responsibilities of:

(1) the ~~Indiana state~~ lottery commission under IC 4-30;

(2) the Indiana horse racing commission under IC 4-31; or

(3) the Indiana gaming commission under IC 4-32.2, ~~or~~ IC 4-33, **or IC 4-35.**

(b) The department may not exercise any administrative or regulatory powers with respect to:

(1) the Indiana lottery under IC 4-30;

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- 1 (2) pari-mutuel horse racing under IC 4-31;
 2 (3) charity gaming under IC 4-32.2; ~~or~~
 3 (4) riverboat casino gambling under IC 4-33; **or**
 4 **(5) gambling games conducted at a racetrack (as defined in**
 5 **IC 4-35-2-8) under IC 4-35.**

6 SECTION 14. IC 4-34-2-1 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The Indiana
 8 technology fund is established. Money in the fund **does not revert to**
 9 **the state general fund** at the end of a state biennium ~~reverts to the~~
 10 ~~build Indiana fund.~~ **fiscal year.**

11 SECTION 15. IC 4-35 IS ADDED TO THE INDIANA CODE AS
 12 A **NEW ARTICLE** TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 13 2007]:

14 **ARTICLE 35. GAMBLING GAMES AT RACETRACKS**

15 **Chapter 1. Application**

16 **Sec. 1. This article applies only to gambling games conducted by**
 17 **a permit holder holding a gambling game license issued under**
 18 **IC 4-35-5.**

19 **Chapter 2. Definitions**

20 **Sec. 1. The definitions in this chapter apply throughout this**
 21 **article.**

22 **Sec. 2. "Adjusted gross receipts" means:**

23 **(1) the total of all cash and property (including checks**
 24 **received by a licensee, whether collected or not) received by**
 25 **a licensee from gambling games; minus**

26 **(2) the total of:**

27 **(A) all cash paid out to patrons as winnings for gambling**
 28 **games; and**

29 **(B) uncollectible gambling game receivables, not to exceed**
 30 **the lesser of:**

31 **(i) a reasonable provision for uncollectible patron checks**
 32 **received from gambling games; or**

33 **(ii) two percent (2%) of the total of all sums, including**
 34 **checks, whether collected or not, less the amount paid**
 35 **out to patrons as winnings for gambling games.**

36 **For purposes of this section, a counter or personal check that is**
 37 **invalid or unenforceable under this article is considered cash**
 38 **received by the licensee from gambling games.**

39 **Sec. 3. "Commission" refers to the Indiana gaming commission**
 40 **established by IC 4-33-3-1.**

41 **Sec. 4. "Department" refers to the department of state revenue.**

42 **Sec. 5. "Gambling game" means a game played on a slot**

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1 machine.

2 Sec. 6. "Licensee" means a permit holder holding a gambling
3 game license issued under IC 4-35-5.

4 Sec. 7. "Permit holder" means a person holding a permit issued
5 under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

6 Sec. 8. "Racetrack" means the racetrack specified in a permit
7 holder's permit to conduct a pari-mutuel horse racing meeting.

8 Sec. 9. "Slot machine" means a type of electronic gaming device
9 approved by the commission as a wagering device for use under
10 this article.

11 Sec. 10. "Supplier's license" means a license issued under
12 IC 4-35-6.

13 Chapter 3. General Provisions

14 Sec. 1. All shipments of slot machines to licensees in Indiana, the
15 registering, recording, and labeling of which have been completed
16 by the manufacturer or dealer in accordance with 15 U.S.C. 1171
17 through 15 U.S.C. 1178, are legal shipments of gambling devices
18 into Indiana.

19 Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the
20 state of Indiana, acting by and through elected and qualified
21 members of the general assembly, declares that the state is exempt
22 from 15 U.S.C. 1172.

23 Chapter 4. Powers and Duties of the Indiana Gaming
24 Commission

25 Sec. 1. The commission shall regulate and administer gambling
26 games conducted by a licensee under this article.

27 Sec. 2. The commission shall do the following:

28 (1) Adopt rules that the commission determines are necessary
29 to protect or enhance the following:

30 (A) The credibility and integrity of gambling games
31 authorized under this article.

32 (B) The regulatory process provided in this article.

33 (2) Conduct all hearings concerning civil violations of this
34 article.

35 (3) Provide for the establishment and collection of license fees
36 imposed under this article, and deposit the license fees in the
37 state general fund.

38 (4) Levy and collect penalties for noncriminal violations of
39 this article, and deposit the penalties in the state general fund.

40 (5) Adopt appropriate standards for the design, appearance,
41 aesthetics, and construction of slot machine facilities
42 authorized under this article.

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1 **Sec. 3. The commission shall adopt rules under IC 4-22-2 for the**
 2 **following purposes:**

- 3 **(1) Administering this article.**
 4 **(2) Establishing the conditions under which gambling games**
 5 **at racetracks may be conducted.**
 6 **(3) Providing for the prevention of practices detrimental to**
 7 **the public interest.**
 8 **(4) Establishing rules concerning the inspection of gambling**
 9 **game facilities at racetracks and the review of the licenses**
 10 **necessary to conduct gambling games under this article.**
 11 **(5) Imposing penalties for noncriminal violations of this**
 12 **article.**

13 **Sec. 4. The commission may enter into a contract with the**
 14 **Indiana horse racing commission for the provision of services**
 15 **necessary to administer this article.**

16 **Chapter 5. Gambling Game License**

17 **Sec. 1. The commission may issue a license to a permit holder to**
 18 **conduct gambling games under this article at the permit holder's**
 19 **racetrack. The number of licenses issued under this chapter may**
 20 **not exceed two (2).**

21 **Sec. 2. Before issuing a license to a person under this chapter,**
 22 **the commission shall subject the person to a background**
 23 **investigation similar to a background investigation required for an**
 24 **applicant for a riverboat owner's license under IC 4-33-6.**

25 **Sec. 3. A permit holder that is issued a gambling game license**
 26 **under this article must pay an initial licensing fee equal to the**
 27 **product of:**

- 28 **(1) twenty thousand dollars (\$20,000); multiplied by**
 29 **(2) the number of slot machines that the permit holder will**
 30 **place into service at the permit holder's racetrack.**

31 **The fee required under this section must be paid to the commission**
 32 **before September 1, 2007.**

33 **Sec. 4. An initial gambling game license expires five (5) years**
 34 **after the effective date of the license. Unless the gambling game**
 35 **license is terminated or revoked, the gambling game license may be**
 36 **renewed annually thereafter upon:**

- 37 **(1) the payment of an annual renewal fee of five thousand**
 38 **dollars (\$5,000); and**
 39 **(2) a determination by the commission that the licensee**
 40 **satisfies the conditions of this chapter.**

41 **Sec. 5. (a) The commission shall conduct a complete**
 42 **investigation of each licensee every three (3) years to determine**

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whether the licensee remains in compliance with this article.

(b) Notwithstanding subsection (a), the commission may investigate a licensee at any time the commission determines it is necessary to ensure that the licensee remains in compliance with this article.

Sec. 6. A permit holder or other person investigated under this chapter shall bear the cost of the investigation.

Sec. 7. (a) A licensee or any other person must apply for and receive the commission's approval before:

(1) a gambling game license is:

(A) transferred;

(B) sold; or

(C) purchased; or

(2) a voting trust agreement or other similar agreement is established with respect to the gambling game license.

(b) The commission shall adopt rules governing the procedure a licensee or other person must follow to take an action under subsection (a). The rules must specify that a person who obtains an ownership interest in a gambling game license must meet the criteria of this article and rules adopted by the commission. A licensee may transfer a gambling game license only in accordance with this article and the rules adopted by the commission.

(c) A person may not:

(1) lease;

(2) hypothecate; or

(3) borrow or loan money against;

a gambling game license.

(d) A transfer fee is imposed on a person who purchases or otherwise acquires a controlling interest, as determined under the rules of the commission, in a gambling game license previously issued to another person. The fee is equal to two million dollars (\$2,000,000).

Sec. 8. The commission shall transfer:

(1) fees collected under this chapter; and

(2) all investigation costs recovered under this chapter; to the treasurer of state for deposit in the state general fund.

Chapter 6. Slot Machine Suppliers

Sec. 1. The commission may issue a supplier's license under this chapter to a person if:

(1) the person has:

(A) applied for the supplier's license;

(B) paid a nonrefundable application fee set by the

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commission;

(C) paid a five thousand dollar (\$5,000) annual supplier's license fee; and

(D) submitted, on forms provided by the commission, two (2) sets of:

(i) the individual's fingerprints, if the applicant is an individual; or

(ii) fingerprints for each officer and director of the applicant, if the applicant is not an individual; and

(2) the commission has determined that the applicant is eligible for a supplier's license.

Sec. 2. A person may not receive a supplier's license under this chapter if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a supplier's license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);

(5) the person employs an individual who:

(A) is described in subdivision (1), (2), or (3); or

(B) participates in the management or operation of gambling operations authorized under this article;

(6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or

(7) a license issued to the person:

(A) under this article;

(B) under IC 4-33-7; or

(C) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 3. A holder of a supplier's license may:

(1) sell;

(2) lease; or

(3) contract to sell or lease;

a slot machine to a licensee.

Sec. 4. A person may not furnish slot machines to a licensee unless the person possesses a supplier's license.

Sec. 5. A slot machine may not be distributed for use under this

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1 article unless the slot machine conforms to standards adopted by
2 the commission.

3 Sec. 6. (a) A supplier shall furnish to the commission a list of all
4 slot machines offered for sale or lease in connection with gambling
5 games authorized under this article.

6 (b) A supplier shall keep books and records for the furnishing
7 of slot machines to licensees. The books and records required
8 under this subsection must be kept separate from the books and
9 records of any other business operated by the supplier.

10 (c) A supplier shall file a quarterly return with the commission
11 listing all sales and leases.

12 (d) A supplier shall permanently affix the supplier's name to all
13 slot machines that the supplier provides to licensees under this
14 chapter.

15 Sec. 7. If the commission determines that a supplier's slot
16 machine has been used by a person in an unauthorized gambling
17 operation, the slot machine shall be forfeited to the state.

18 Sec. 8. Slot machines operated under this article may be:

- 19 (1) repaired on the premises of a racetrack; or
- 20 (2) removed for repair from the racetrack to a facility owned
21 by the licensee.

22 Sec. 9. (a) Unless a supplier's license is suspended, expires, or is
23 revoked, the supplier's license may be renewed annually upon:

- 24 (1) the payment of a five thousand dollar (\$5,000) annual
25 renewal fee; and
- 26 (2) a determination by the commission that the holder of the
27 supplier's license is in compliance with this article.

28 (b) The commission shall conduct a complete investigation of
29 each holder of a supplier's license every three (3) years to
30 determine whether the holder of the supplier's license is in
31 compliance with this article.

32 (c) Notwithstanding subsection (b), the commission may
33 investigate the holder of a supplier's license at any time the
34 commission determines it is necessary to ensure that the holder of
35 the supplier's license is in compliance with this article.

36 (d) The holder of a supplier's license shall bear the cost of an
37 investigation or a reinvestigation of the licensee and any
38 investigation resulting from a potential transfer of ownership.

39 Sec. 10. The commission shall transfer:

- 40 (1) fees collected under this chapter; and
- 41 (2) all investigation costs recovered under this chapter;
42 to the treasurer of state for deposit in the state general fund.

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Chapter 7. Conduct of Gambling Games at Racetracks

Sec. 1. Gambling games authorized under this article may not be conducted anywhere other than a slot machine facility located at a racetrack.

Sec. 2. (a) A person who is less than twenty-one (21) years of age may not wager on a slot machine.

(b) Except as provided in subsection (c), a person who is less than twenty-one (21) years of age may not be present in the area of a racetrack where gambling games are conducted.

(c) A person who is at least eighteen (18) years of age and who is an employee of the racetrack may be present in the area of the racetrack where gambling games are conducted. However, an employee who is less than twenty-one (21) years of age may not perform any function involving gambling by the patrons of the licensee's slot machine facility.

Sec. 3. Minimum and maximum wagers on gambling games shall be determined by the licensee.

Sec. 4. The following may inspect a licensee's slot machine facility at any time to determine if this article is being violated:

(1) Employees of the commission.

(2) Officers of the state police department.

Sec. 5. Employees of the commission have the right to be present in a licensee's slot machine facility.

Sec. 6. A slot machine may be purchased or leased only from a supplier licensed under this article.

Sec. 7. Slot machine wagering is the only form of wagering permitted in a licensee's slot machine facility.

Sec. 8. Wagers may be received only from a person present in a licensee's slot machine facility. A person present in a licensee's slot machine facility may not place or attempt to place a wager on behalf of another person who is not present in the licensee's slot machine facility.

Sec. 9. Wagering may not be conducted with money or other negotiable currency.

Sec. 10. (a) A patron may make a wager at a racetrack only by means of:

(1) a token; or

(2) an electronic card;

purchased from a licensee at the licensee's racetrack.

(b) A token or an electronic card may be purchased by means of an agreement under which a licensee extends credit to the patron.

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1 **Sec. 11. A token or an electronic card described in section 10 of**
 2 **this chapter may be used by a patron while the patron is present at**
 3 **the racetrack only to make a wager on a slot machine authorized**
 4 **under this article.**

5 **Sec. 12. A licensee may not install more than two thousand five**
 6 **hundred (2,500) slot machines on the premises of the licensee's**
 7 **racetrack.**

8 **Chapter 8. Taxation of Slot Machine Wagering**

9 **Sec. 1. (a) A state wagering tax is imposed at the rate of**
 10 **thirty-two percent (32%) on the adjusted gross receipts received**
 11 **from wagering on slot machines authorized under this article.**

12 **(b) A licensee shall remit the tax imposed by this section to the**
 13 **department before the close of the business day following the day**
 14 **the wagers are made.**

15 **(c) The department may require payment under this section to**
 16 **be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).**

17 **(d) If the department requires taxes to be remitted under this**
 18 **chapter through electronic funds transfer, the department may**
 19 **allow the licensee to file a monthly report to reconcile the amounts**
 20 **remitted to the department.**

21 **(e) The payment of the tax under this section must be on a form**
 22 **prescribed by the department.**

23 **Sec. 2. (a) The state racetrack gaming fund is established.**

24 **(b) The department shall deposit tax revenue collected under**
 25 **section 1 of this chapter in the state racetrack gaming fund.**

26 **(c) Money in the state racetrack gaming fund is continuously**
 27 **appropriated for the purposes of this chapter.**

28 **Sec. 3. (a) This section applies to the first twenty-seven million**
 29 **two hundred five thousand two hundred eighty-four dollars**
 30 **(\$27,205,284) deposited in the state racetrack gaming fund in a**
 31 **state fiscal year ending before July 1, 2009.**

32 **(b) Before the fifteenth day of each month, the treasurer of state**
 33 **shall distribute the tax revenue deposited in the state racetrack**
 34 **gaming fund in the preceding month to the Indiana horse racing**
 35 **commission to be distributed in amounts determined by the**
 36 **Indiana horse racing commission as follows:**

37 **(1) To one (1) or more breed development funds established**
 38 **by the Indiana horse racing commission under IC 4-31-11-10.**

39 **(2) To a racetrack that was approved by the Indiana horse**
 40 **racing commission under IC 4-31. The commission may make**
 41 **a grant under this subdivision only for purses, promotions,**
 42 **and routine operations of the racetrack. A grant may not be**

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made:

(A) for long term capital investment or construction; or

(B) before the racetrack becomes operational and is offering a racing schedule.

Sec. 4. (a) This section applies to the tax revenue deposited in the state racetrack gaming fund that exceeds twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) in a state fiscal year ending before July 1, 2009.

(b) The treasurer of state shall transfer the first one hundred fifty million dollars (\$150,000,000) of the tax revenue described in subsection (a) to the state general fund.

(c) After making the transfer required by subsection (b), the treasurer of state shall transfer the remaining amount of tax revenue deposited in the state racetrack gaming fund in a state fiscal year ending before July 1, 2009, to the revenue sharing fund established by section 10(b) of this chapter.

(d) Money deposited in the state general fund under this section must be used to provide full day kindergarten in every school corporation in Indiana.

Sec. 5. (a) This section applies to a state fiscal year beginning after June 30, 2009.

(b) The treasurer of state shall transfer the first one hundred fifty million dollars (\$150,000,000) of the tax revenue deposited in the state racetrack gaming fund in a state fiscal year to the state general fund.

(c) After making the transfer required by subsection (b), the treasurer of state shall transfer twenty-five million dollars (\$25,000,000) of the tax revenue deposited in the state racetrack gaming fund in a state fiscal year to the high growth fund established under section 12 of this chapter.

(d) After making the transfers required by subsections (b) and (c), the treasurer of state shall transfer twenty million dollars (\$20,000,000) to the department of agriculture to promote the following:

(1) Agriculture based economic development.

(2) Conservation.

(3) Research.

(4) Education.

(e) After making the transfers required by subsections (b), (c), and (d), the treasurer of state shall transfer ten million dollars (\$10,000,000) of the tax revenue deposited in the state racetrack gaming fund in a state fiscal year to the educational technology

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1 program and fund established by IC 20-20-13-6 to support the
2 digital learning plan.

3 (f) After making the transfers required by subsections (b)
4 through (e), the treasurer of state shall transfer the following
5 amounts to the central Indiana regional transportation authority:

6 (1) Two hundred thousand dollars (\$200,000) in the state
7 fiscal year beginning after June 30, 2009, and ending before
8 July 1, 2010, for a mass transit feasibility study to be
9 conducted in cooperation with the Indiana department of
10 transportation.

11 (2) Five hundred thousand dollars (\$500,000) for each state
12 fiscal year beginning after June 30, 2009, and ending before
13 July 1, 2019.

14 (g) After making the transfers required by subsections (b)
15 through (f), the treasurer of state shall transfer the remaining
16 amount of tax revenue deposited in the state racetrack gaming
17 fund in a state fiscal year to the revenue sharing fund established
18 by section 10 of this chapter.

19 (h) Money deposited in the state general fund under this section
20 must be used to provide full-day kindergarten in every school
21 corporation in Indiana.

22 Sec. 6. (a) A local wagering tax is imposed at the rate of five
23 percent (5%) on the adjusted gross receipts received from
24 wagering on slot machines authorized under this article.

25 (b) A licensee shall remit the tax imposed by this section to the
26 department before the close of the business day following the day
27 the wagers are made.

28 (c) The department may require payment under this section to
29 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

30 (d) If the department requires taxes to be remitted under this
31 chapter through electronic funds transfer, the department may
32 allow the licensee to file a monthly report to reconcile the amounts
33 remitted to the department.

34 (e) The department may allow taxes remitted under this section
35 to be reported on the same form used for taxes remitted under
36 section 1 of this chapter.

37 Sec. 7. (a) The local racetrack gaming fund is established.
38 Money in the local racetrack gaming fund does not revert to the
39 state general fund at the end of a state fiscal year.

40 (b) The department shall deposit tax revenue collected under
41 section 6 of this chapter in the local racetrack gaming fund.

42 (c) The treasurer of state shall establish a separate account

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1 within the local racetrack gaming fund for each county containing
 2 a racetrack. Each account consists of the local wagering taxes
 3 remitted by the county's racetrack under section 6 of this chapter
 4 and deposited in the local racetrack gaming fund under subsection
 5 (b).

6 (d) Money in the local racetrack gaming fund is continuously
 7 appropriated for purposes of this chapter.

8 Sec. 8. (a) The first five million dollars (\$5,000,000) of the taxes
 9 deposited in each account established under section 7 of this
 10 chapter for each county containing a racetrack must be allocated
 11 among the political subdivisions of the county to retire any debt
 12 incurred by a political subdivision to make infrastructure
 13 improvements that were necessary for the construction of the
 14 county's racetrack.

15 (b) After making the allocations required under subsection (a),
 16 the treasurer of state shall distribute the remaining taxes deposited
 17 in each account established under section 7 of this chapter for each
 18 county containing a racetrack as follows:

19 (1) Thirty-five percent (35%) to the largest second class city
 20 located in the county.

21 (2) Fifteen percent (15%) to each additional second class city
 22 located in the county.

23 (3) Ten percent (10%) to be allocated to the municipalities
 24 located in the county that are not described by subdivisions
 25 (1) and (2) according to the ratio that the population of each
 26 municipality bears to the population of the county.

27 (4) The remainder to a redevelopment commission established
 28 by the county under IC 36-7-14. If a county does not have a
 29 redevelopment commission, the remainder must be
 30 distributed to the county for deposit in the county's general
 31 fund.

32 (c) Money distributed to a municipality under subsection (b)
 33 must be used for capital improvements or economic development.

34 (d) Money distributed to a county under subsection (b)(4) may
 35 be used for any purpose described in IC 36-7-14.

36 Sec. 9. (a) Before the fifteenth day of each month, a licensee
 37 shall pay to the Indiana horse racing commission for the promotion
 38 of horse racing a fee of fifteen and twenty-five hundredths percent
 39 (15.25%) of the licensee's adjusted gross receipts received for the
 40 previous month from wagering on slot machines authorized by this
 41 article. The Indiana horse racing commission shall spend the
 42 money received under this subsection as follows:

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- (1) One and five-tenths percent (1.5%) for equine welfare.
- (2) One and five-tenths percent (1.5%) for backside benevolence.
- (3) Ninety-seven percent (97%) to promote horses and horse racing in accordance with subsection (c).

(b) The Indiana horse racing commission may expend the amounts described in subsection (a)(1) through (a)(2) for a purpose promoting equine welfare or for a benevolent purpose that the Indiana horse racing commission determines in its sole discretion to be in the best interests of horse racing in Indiana.

(c) The Indiana horse racing commission shall distribute the amount described in subsection (a)(3) as follows:

- (1) Forty-six percent (46%) for thoroughbred purposes as follows:

- (A) Seventy percent (70%) for the following purposes:
 - (i) Ninety-eight percent (98%) for thoroughbred purses.
 - (ii) One percent (1%) to the horsemen's association representing thoroughbred owners and trainers.
 - (iii) One percent (1%) to the horsemen's association representing thoroughbred owners and breeders.

- (B) Thirty percent (30%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

- (2) Forty-six percent (46%) for standardbred purposes as follows:

- (A) Fifty percent (50%) for the following purposes:
 - (i) Ninety-eight percent (98%) for standardbred purses.
 - (ii) Two percent (2%) to the horsemen's association representing standardbred owners and trainers.

- (B) Fifty percent (50%) to the breed development fund established for standardbreds under IC 4-31-11-10.

- (3) Eight percent (8%) for quarter horse purposes as follows:

- (A) Seventy percent (70%) for the following purposes:
 - (i) Ninety-five percent (95%) for quarter horse purses.
 - (ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

However, in the first year after the commencement of slot machine operations, the money distributed under this clause may not exceed the lesser of two million seven hundred thousand dollars (\$2,700,000) or five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection. If quarter horse races average at least seven and five-tenths (7.5) horses per gate

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in the first year after the commencement of slot machine operations or in a subsequent year, the money distributed under this clause for quarter horse purposes shall be increased by ten percent (10%) in the following year. However, the money distributed under this clause may not exceed five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection. If the amount of money distributed under this clause is less than five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection in a particular year, the amounts distributed under subdivisions (1)(A) and (2)(A) for that year shall be increased equally in proportional amounts.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Sec. 10. (a) As used in this section, "eligible county" means a county that does not contain either of the following:

- (1) A riverboat licensed under IC 4-33.
- (2) A racetrack authorized to conduct gambling games under this article.

(b) The revenue sharing fund is established. The revenue sharing fund shall be administered by the treasurer of state. The treasurer of state shall invest the money in the revenue sharing fund not currently needed to meet the obligations of the revenue sharing fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the revenue sharing fund. Money in the revenue sharing fund does not revert to the state general fund at the end of a state fiscal year.

(c) Before August 15, the treasurer of state shall distribute the money deposited in the revenue sharing fund under this chapter in the previous state fiscal year to the county treasurer of each eligible county. Except as otherwise provided in this subsection, each county treasurer is entitled to a distribution of five hundred thousand dollars (\$500,000). If the amount of money deposited in the revenue sharing fund in the previous state fiscal year is insufficient to distribute the amount specified in this subsection, each county's distribution amount must be reduced equally.

(d) The county auditor shall distribute the money received by an eligible county under subsection (c) as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the

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county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(e) Money in the revenue sharing fund is appropriated continuously for purposes of this section.

Sec. 11. (a) As used in this section, "political subdivision" means a county, city, or town.

(b) Except as provided in section 8 of this chapter, money paid to a political subdivision under this chapter:

(1) must be paid to the fiscal officer of the political subdivision and must be deposited in the political subdivision's general fund;

(2) may not be used to reduce the political subdivision's maximum levy under IC 6-1.1 but may be used at the discretion of the political subdivision to reduce the property tax levy of the political subdivision for a particular year;

(3) may be used for any purpose specified in this chapter or for any other legal or corporate purpose of the political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Sec. 12. (a) The high growth fund is established to fund the Indiana economic development corporation's efforts to attract high growth companies with high skilled jobs (as defined in IC 4-4-10.9-9.5).

(b) The fund consists of:

(1) money deposited in the fund under section 5 of this chapter;

(2) appropriations from the general assembly; and

(3) gifts and grants to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this section.

(e) Money in the fund is continuously appropriated for purposes of this section.

Chapter 9. Penalties

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1 **Sec. 1. This chapter applies only to gambling games authorized**
 2 **under this article.**

3 **Sec. 2. A person who knowingly or intentionally aids, induces,**
 4 **or causes a person who is:**

- 5 (1) less than twenty-one (21) years of age; and
 6 (2) not an employee of a licensee;
 7 **to enter or attempt to enter the licensee's slot machine facility**
 8 **commits a Class A misdemeanor.**

9 **Sec. 3. A person who:**

- 10 (1) is not an employee of a licensee;
 11 (2) is less than twenty-one (21) years of age; and
 12 (3) knowingly or intentionally enters the licensee's slot
 13 machine facility;
 14 **commits a Class A misdemeanor.**

15 **Sec. 4. A person who knowingly or intentionally:**

- 16 (1) makes a false statement on an application submitted under
 17 this article;
 18 (2) conducts a gambling game in a manner other than the
 19 manner required under this article; or
 20 (3) wagers or accepts a wager at a location other than a
 21 licensee's slot machine facility;
 22 **commits a Class A misdemeanor.**

23 **Sec. 5. A person who knowingly or intentionally does any of the**
 24 **following commits a Class D felony:**

- 25 (1) Offers, promises, or gives anything of value or benefit:
 26 (A) to a person who is connected with a licensee, including
 27 an officer or an employee of a licensee; and
 28 (B) under an agreement to influence or with the intent to
 29 influence:
 30 (i) the actions of the person to whom the offer, promise,
 31 or gift was made in order to affect or attempt to affect
 32 the outcome of a gambling game; or
 33 (ii) an official action of a commission member.
 34 (2) Solicits, accepts, or receives a promise of anything of value
 35 or benefit:
 36 (A) while the person is connected with a licensee, including
 37 as an officer or employee of a licensee; and
 38 (B) under an agreement to influence or with the intent to
 39 influence:
 40 (i) the actions of the person to affect or attempt to affect
 41 the outcome of a gambling game; or
 42 (ii) an official action of a commission member.

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1 (3) Uses or possesses with the intent to use a device to assist
2 in:

3 (A) projecting the outcome of a gambling game;

4 (B) analyzing the probability of the occurrence of an event
5 relating to a gambling game; or

6 (C) analyzing the strategy for playing or betting to be used
7 in a gambling game, except as permitted by the
8 commission.

9 (4) Cheats at a gambling game.

10 (5) Manufactures, sells, or distributes any game or device that
11 is intended to be used to violate this article.

12 (6) Alters or misrepresents the outcome of a gambling game
13 on which wagers have been made after the outcome is made
14 sure but before the outcome is revealed to the players.

15 (7) Places a bet on the outcome of a gambling game after
16 acquiring knowledge that:

17 (A) is not available to all players; and

18 (B) concerns the outcome of the gambling game that is the
19 subject of the bet.

20 (8) Aids a person in acquiring the knowledge described in
21 subdivision (7) to place a bet contingent on the outcome of a
22 gambling game.

23 (9) Claims, collects, takes, or attempts to claim, collect, or
24 take money or anything of value in or from a gambling game:

25 (A) with the intent to defraud; or

26 (B) without having made a wager contingent on winning a
27 gambling game.

28 (10) Claims, collects, or takes an amount of money or a thing
29 of value that is of greater value than the amount won in a
30 gambling game.

31 (11) Uses or possesses counterfeit tokens in or for use in a
32 gambling game.

33 (12) Possesses a key or device designed for:

34 (A) opening, entering, or affecting the operation of a
35 gambling game, a drop box, or an electronic or mechanical
36 device connected with the gambling game; or

37 (B) removing coins, tokens, or other contents of a gambling
38 game.

39 This subdivision does not apply to a licensee or an employee
40 of a licensee acting in the course of the employee's
41 employment.

42 (13) Possesses materials used to manufacture a slug or device

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intended to be used in a manner that violates this article.

Chapter 10. Employment

Sec. 1. (a) This section applies if a permit holder's employees are covered under the terms of a collective bargaining agreement that is in effect at the time a gambling game license is issued to the permit holder under IC 4-35-5.

(b) If a permit holder has nonsupervisory employees whose work is:

(1) directly related to:

(A) pari-mutuel terminal operations; or

(B) money room functions associated with pari-mutuel wagering on horse racing; and

(2) covered under the terms of a collective bargaining agreement;

the permit holder shall, subject to subsection (c), staff nonsupervisory positions directly related to the operation of gambling games under this article with employees whose work is covered under the terms of a collective bargaining agreement.

(c) The employees described in subsection (b) must be qualified to meet the licensing requirements of this article and any criteria required by the commission in rules adopted under IC 4-22-2.

Sec. 2. The job classifications, job duties, wage rates, and benefits of nonsupervisory positions related to gambling games may be established by agreement of the parties to a collective bargaining agreement or, in the absence of an agreement, by the permit holder.

SECTION 16. IC 6-8.1-1-1, AS AMENDED BY P.L.162-2006, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); **the taxes imposed on slot machine wagering at racetracks (IC 4-35-8)**; the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility service use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1);

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a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 17. IC 35-45-5-7, AS AMENDED BY P.L.91-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

- (1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; **or**
- (2) a game of chance operated in accordance with IC 4-32.2; **or**
- (3) a gambling game operated in accordance with IC 4-35.**

SECTION 18. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. This chapter does not apply to a gambling game authorized by IC 4-35.**

SECTION 19. [EFFECTIVE JULY 1, 2007] **(a) If the Indiana gaming commission determines that a permit holder (as defined in IC 4-35-2-7, as added by this act) has met the requirements of this act, the Indiana gaming commission shall adopt a resolution authorizing the permit holder to conduct gambling games under IC 4-35, as added by this act. The Indiana gaming commission may exercise any power necessary to implement this act under a resolution authorized under this SECTION.**

(b) The Indiana gaming commission shall authorize a permit holder to conduct gambling games in a temporary facility upon the Indiana gaming commission's approval of the permit holder's plans for a permanent facility. Gambling games may be conducted in a temporary facility under this SECTION for not more than

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- 1 **eighteen (18) months.**
- 2 **(c) This SECTION expires January 1, 2010.**

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